



BILL & MELINDA
GATES foundation

2009 Annual Report

This year we've decided to highlight the diverse groups who contribute to the work we do—grantees, partners, local leaders and citizens, the online community, and the people in the field throughout the world who make change happen. We are all partners in the common goal of giving every person the chance to live a healthy, productive life.



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On the cover, clockwise from top left: Malichi Usoro (center) in his mother's lap during the grand opening of White Center's Educare Early Learning Center (Seattle, Washington, 2010). Twenty-nine-year-old Koblah Agbeta holding rice seeds from his farm (Abutia-Kpota, Ghana, 2010). English teacher Tang Xueyan at the Huining School library, part of the China Evergreen Rural Library Service (Huining, China, 2004). Children in the village of Mwea (Mwea, Kenya, 2009). An *agogo* (right), or "grandparent," checking on a mother and her newborn at the Ekwendeni Mission Hospital (Mzimba, Malawi, 2009). Students celebrating at the Chamberlain High School graduation (Tampa, Florida, 2010). A woman carrying hybrid maize to market (Kunsu, Ghana, 2010). A student at Foothill College (Los Altos Hills, California, 2010). A mother waiting for her child to be vaccinated against rotavirus at the Pantasma Health Center (Pantasma, Nicaragua, 2009). Stacy Caves reunited with her three boys (left to right: Nikolas, Jayden, and Skyler) at the Eastside Domestic Violence Program (Bellevue, Washington, 2009). Children in the village of Nankui (Uttar Pradesh, India, 2010).

Letter from Jeff Raikes



Left: Jeff Raikes talking with schoolchildren at Ashongman School (Accra, Ghana, 2009). Top right: Raikes visiting Friendship Collegiate Academy (Washington, D.C., 2008). Bottom right: Raikes (sitting, third from left) at a meeting of latrine masons in Chiwata Village, listening to J.M. Mkwanda (second from left) discuss rural sanitation projects and training (Masasi, Tanzania, 2009).

As CEO of the Bill & Melinda Gates Foundation, my job is to make sure we are using our resources—our endowment, the expertise of our staff, and the voices of our leaders—to the utmost, so that we can have the maximum possible impact on people's lives. And the next five years offer a historic opportunity to have an impact on the health and welfare of people in the developing world. Even in the face of very tough economic times across the globe, I am optimistic when I think about all that we can accomplish together with our partners.

I think in terms of the next five years because 2015 will be a landmark year. In 2000, the United Nations took the historic step of setting specific targets in eight areas of global health and development. It called them the Millennium Development Goals (MDGs), and it gave the world 15 years—until 2015—to meet them.

The MDGs set the clearest health and development agenda the world has ever had, and the decade since they were ratified has seen more progress than any other 10-year period in history. Just two weeks from now, the UN will convene a special session to discuss how governments, foundations, and NGOs can work together to speed up that progress. (At the Gates Foundation, we're pleased to be taking part in that discussion. You can read more about it on page 8.)

In the next five years, we also have the chance to introduce vaccines for rotavirus and pneumococcal disease into the developing world. Vaccines are a miracle (not to mention an extremely high-return investment), because with just a few doses, they protect a child for a lifetime. In five years, we could be immunizing hundreds of millions of infants against two diseases that currently take the lives of 2 million children every year.

And in five years, we will be even closer to the complete and total eradication of poliovirus from the earth.

Almost everybody has heard of polio, but many people don't know it still exists. Most people aren't aware of the enormous and longstanding global effort to eradicate the disease, and very few understand the critical juncture we're at right now.

It's worth taking a moment to reflect on what eradication means. If vaccines are miraculous because they protect a child for a lifetime, then eradication is the ultimate miracle. Eradicating a disease protects all children, forever.

We are at a critical juncture where the world has the opportunity to eradicate this disease.

Jeff Raikes on polio

It's enough to measure the impact in terms of lives saved and suffering averted. But the moral case is augmented by an economic one that's almost as powerful. Yes, it's going to be expensive to travel the last mile toward eradication. But it will be exponentially more expensive if we don't reach the end of the road, because we'd have to keep on treating thousands of children paralyzed each year indefinitely.

According to a recent cost-effectiveness study, investments in polio vaccination in the United States have prevented 1 million cases of polio and saved more than \$180 billion. In the countries where polio is still a threat, that savings could go a long way toward addressing some of the other health problems with which poor people continue to struggle.

Since 1988, when the world set the goal of eliminating the disease forever, the number of polio cases has gone down by 99 percent. Just two decades ago, the disease was circulating in 125 countries; now, there are only four countries that have never stopped transmission of the disease.

But eliminating polio from the last handful of countries is a lot harder than eliminating it from the first handful. It takes a massive effort to eradicate a disease, which is why it's happened only once before, when smallpox was eradicated in 1980.

The difficulty involved in ferreting out every last poliovirus is staggering. It takes an effort of such consistent intensity that it's simply not sustainable over a period of years and years.

We have a narrow window of opportunity. It is impossible to keep the virus at its current levels indefinitely. Either we eradicate polio—preventing suffering, saving billions of dollars, and demonstrating what is possible with a global effort—or we fail and start to backslide. If we fail, the number of cases will start to go back up, and the virus will spread back over borders into countries where it has been eliminated. We are seeing this play out in Tajikistan, part of a region declared polio-free in 2002, where 454 cases of polio have been confirmed this year.

The stakes are so high, and we have come so far, which is why I am so surprised that the world is short of the funding it needs to finish the job. Right now, there is not enough money past next summer to carry out all of the immunization activities to keep the world on track to eradicate polio. It's shocking, but funding from the G8 countries has actually gone down in the last several years.

It's very clear: This is make-or-break time for polio eradication. That's why polio is one of my top priorities as CEO.

When we invest in polio eradication, we know exactly what we're getting for our money. The eradication campaign is extremely well organized and has a long record of success.

The Global Polio Eradication Initiative (GPEI) is a model partnership. The U.S. Centers for Disease Control and Prevention (CDC), Rotary International, UNICEF, and the World Health Organization (WHO) have been working to support polio-affected countries for more than 20 years.

Each partner plays a particular role, doing what they do best to make an extraordinarily effective whole. Rotary is a powerful fundraiser and advocate. CDC provides technical expertise. UNICEF purchases oral polio vaccine and supports grassroots mobilization, and WHO leads surveillance, operations, and the complicated logistics on the ground.

One of the main things we're adding to the effort, in addition to our own financial commitment, is our voice. We have a platform from which we can help generate attention. Hopefully, that attention will in turn help generate the funding and political commitment needed to finish the job.

Bill, Melinda, and I make regular site visits to India, one of the four remaining countries where the disease is endemic—and we will continue to do so, to see the progress on the ground and meet with key leaders. In recent years, Bill has also traveled extensively to Nigeria, another endemic country.

The progress happening in both those countries makes me optimistic. In Nigeria between January 1 and August 24, 2010, there were just six cases of polio, compared to 368 during the same period last year. India has reported the lowest number of cases in a decade; so far this year only 30 cases have been registered, against last year's 236 at this point.

The most exciting thing about all the work we're doing together with our partners around the world and in the United States is the tangible difference we can make in the lives of millions and millions of people: newborns in India, high school students in Los Angeles, small farmers in Ethiopia, homeless families in my hometown of Seattle, to name just a few.

When I travel on behalf of the foundation, whether it's to slums and villages in poor countries or to high schools and community colleges in the United States, I am always moved by people's eternal hope for a better life. At the foundation, we share their ambition and their optimism.

I look forward to the day when I can write a letter talking about how the world eradicated polio.



Jeff Raikes
CEO, Bill & Melinda Gates Foundation

Grantee Perception Report

Last year I announced that the foundation would be commissioning a Grantee Perception Report, and I promised that I'd report back about our findings.

They were sobering. We received below-average ratings on many aspects of the grantee experience. We take this feedback very seriously, because we understand that some of these barriers are preventing us and our grantees from maximizing our impact. We don't see our work as a popularity contest—there is bound to be some tension in even the most productive relationships—but we know that we must do everything we can to make sure that we and our grantees can have the maximum possible impact. We spent much of the past year digesting the results and developing a plan to address them. You can read more about this process and its outcome at www.gatesfoundation.org/gpr.

In the Field

People in the field—those we try to help live healthy, productive lives—run the gamut from homeless families in the Pacific Northwest and disadvantaged students in U.S. high schools to small farmers in sub-Saharan Africa and single mothers in Nepal. Working hand-in-hand with our grantees to ensure we achieve the greatest possible impact, these people are vital to our success.



Left: Female Community Health Volunteer (FCHV) Saru Devi Auji at home in Kalena, a small village in western Nepal (Doti, Nepal, 2009). Center: Auji counseling a pregnant woman in Kalena (Doti, Nepal, 2009). Right: Nineteen-year-old Maheshwori Devi Bishwokarma holding her newborn daughter Seema; after giving birth at a clinic, she spent the evening sleeping with Seema in this cow shed in the village of Dikha (Doti, Nepal, 2009).

Saru Devi Auji: A Mother Helping Mothers in Rural Nepal

Like most women in Kalena, a small village in the Doti district of western Nepal, Saru Devi Auji works hard. Each day she wakes up at 4 a.m. to feed the cattle. She gathers wood, tends the fire, and prepares the family's meals. She maintains her house and looks after her four children, whom she cannot afford to send to school.

In her spare time, Saru saves lives.

As part of Nepal's national Female Community Health Volunteer (FCHV) program, Saru provides vital primary health care services to the people of Kalena.

FCHVs distribute vitamin A and deworming tablets to young children, offer family planning counseling, distribute condoms and pills, manage cases of pneumonia with first-line antibiotics, treat diarrhea with zinc and oral rehydration salts (ORS), and provide safe birth counseling to pregnant women. They also play a key part in monitoring routine immunizations and administering vaccines to fight preventable diseases like polio.

Foundation grantees Save the Children and CARE support the FCHV program, which now serves all 75 districts of Nepal. There are more than 48,000 community health volunteers like Saru, each responsible for as many as 150 households.

Saru became an FCHV after losing a son to diarrhea. "We didn't know to give him water, and we didn't have

the money to take him to the hospital," she says. "He was crying for water when he died."

About 31 percent of Nepal's population of 26 million live below the national poverty line, and its rates of maternal and child mortality are among the highest in the world. "The average age of an FCHV is about 40 years," explains David Oot, associate vice president of health and nutrition at Save the Children. "Virtually all of them have experienced the death of a child."

Saru has learned to cope with her loss by helping others avoid similar fates. "So I've lost my son,' I thought. 'I should do something to make sure my fellow villagers don't go through a trauma like that.'" Through her work as an FCHV, she's become a mother to her entire village.

Over the past two decades, volunteers like Saru have had a tremendous impact on the health of Nepal's poor. By latest counts, in a single year, FCHVs had treated 236,000 children with pneumonia and distributed 854,000 packets of ORS and 1.8 million zinc tablets. All told, these efforts save an estimated 12,000 lives each year.

Experts predict that Nepal will reduce deaths among children under 5 by two-thirds in the next five years. For that remarkable achievement, we owe a profound debt of gratitude for the courage and compassion of women like Saru.

Our Grantees

Most of our grantees are large intermediary organizations that fund and support those working in the field, such as the GAVI Alliance, World Food Programme, and Alliance for a Green Revolution in Africa (AGRA). Offering a wealth of experience and expertise, these organizations help ensure that our investments have the greatest possible impact.

The Common Core State Standards Initiative: Groundbreaking Progress Toward Consistent, Rigorous Standards for All U.S. Students

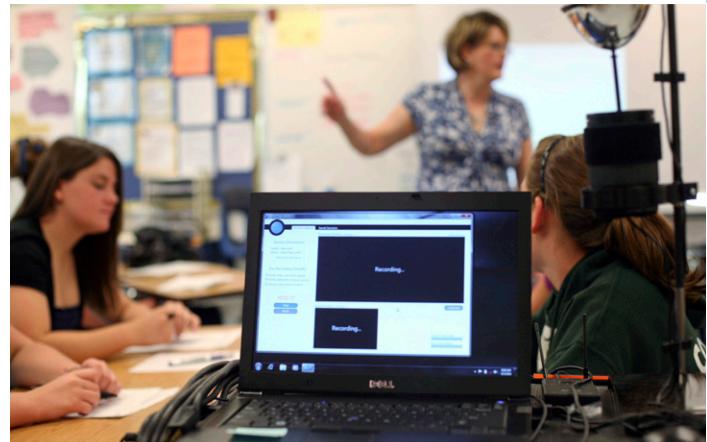
In 2009, together with other philanthropic organizations, the foundation supported the groundbreaking work of the Common Core State Standards Initiative. Driven by the Council of Chief State School Officers (CCSSO) and the National Governors Association (NGA), the initiative aimed to establish a set of shared K-12 standards for English language arts and mathematics that states could adopt and implement voluntarily.

Standards vary dramatically from state to state and district to district in terms of rigor and the ability to assess the skills and knowledge students actually need. This system has led us to the point where academic requirements have become too cumbersome for teachers to teach and for parents to determine what their children are expected to know. In response to this mile-wide and inch-deep approach, 48 states came together to develop academic standards for K-12 students that provide clear and consistent guidelines for what students need to learn at every grade level to graduate prepared for college and careers.

CCSSO, in partnership with NGA, developed standards that build on the best of current state standards and define what students are expected to know and be able to do each year from kindergarten through high school graduation. Informed by direct input from K-12 teachers, university professors, administrators, parents, education experts from almost every state, and more than 10,000 comments from the public, the new standards provide a staircase for learning so teachers can build students' knowledge in the right sequence, one step at a time.

"For years we have struggled to articulate expectations and standards," says Paul E. Lingenfelter, president of State Higher Education Executive Officers (SHEEO).

"Clear learning goals for these fundamental skills through



A classroom at Durant High School studied remotely by a research team using panoramic video technology (Tampa, Florida, 2010).

K-12 education will give students and teachers a better road map toward the goal of success in college and life."

"The more states that adopt these college- and career-based standards, the closer we will be to sharing innovation across state borders and improving achievement for all students," says Co-chair Bill Gates. "As states adopt the standards, policymakers will need to make sure that our teachers have what they need to do their jobs—rich assessment systems that yield useful, timely data; tools that translate that data into more effective instruction; and evaluations and compensation systems that reward teachers for performance."

We plan to invest up to \$250 million over the next eight years to develop next-generation instructional tools for teachers and students that will help states and school districts implement the new standards. We also plan to fund data-driven research that explores ways states can modify the standards and assessments to improve student success in school and the workforce.

The Common Core State Standards are an important step in taking the mystery and luck out of instruction and creating a public education system that lives up to its charge of preparing all children to live life to their fullest potential.

Our Partners

Because our resources are limited, we often partner with other large foundations, businesses, and government organizations willing to co-fund or otherwise support a common strategy or goal. The problems we address are extremely complex and global in scale, so these partnerships are crucial to our success.



Left: Grace Kyomugisha selling *matoke*, a plantain commonly used in Ugandan cuisine (Kawanda, Uganda, 2009). Right: A coffee farmer (left) demonstrating his processing equipment to Global Development Program President Sylvia Mathews Burwell (center) and a TechnoServe representative (Iriani, Kenya, 2009).

Doubling the Incomes of East African Fruit Farmers with The Coca-Cola Company and TechnoServe

Small-scale farmers make money by selling what they grow, but getting crops to markets can be a daunting task. By using better seeds and techniques, organizing themselves into business collectives, and building relationships with creditors, processors, and wholesalers, smallholder farmers can transform a subsistence activity into a powerful tool for improving their lives and helping their communities.

To that end, in January 2010, we entered into an exciting new partnership with The Coca-Cola Company—the largest single purchaser of fruit juice in the world—and nonprofit TechnoServe to double the incomes from mango and passion fruit sales of up to 54,000 fruit farmers in Kenya and Uganda by 2014.

With a \$7.5 million grant from the foundation to TechnoServe, \$3 million provided by Coca-Cola, and \$1 million provided by Sabco, Coca-Cola's bottling partner in East Africa, the project aims to create new market opportunities for local farmers, whose fruit will be used for Coca-Cola's locally produced and sold fruit juices. TechnoServe will give farmers the training they need to improve the quality of their fruit, increase crop yields, organize into business collectives, and access credit.

"This partnership is a great example of sustainability," says Nathan Kalumbu, Coca-Cola's East & Central Africa business unit president. "By partnering with tens of thousands of local farmers, we can help increase their incomes while meeting our needs for locally sourced fruit."

We have already committed more than \$1.5 billion to programs strengthening agricultural infrastructure and resources in the developing world—from seeds and soil to farm management and market access—so progress against hunger and poverty is sustainable over the long term. "History has shown that almost no country has managed a rapid rise from poverty without increasing its agricultural productivity," explains Sylvia Mathews Burwell, president of the foundation's Global Development Program. "In sub-Saharan Africa, agriculture represents two-thirds of all employment and about a third of GDP. If prosperity is to grow on the continent, agricultural productivity must grow with it."

We believe this partnership will boost the incomes of smallholder mango and passion fruit farmers in Kenya and Uganda by 100 percent or more, helping them build better lives for themselves and their families.

Our Local Community

We place a high value on the opinions and contributions of Pacific Northwest citizens and make an effort to ensure the well-being of the region's families through our local giving.

Fighting Family Homelessness: The Washington Families Fund

The path to opportunity begins with a place to call home—especially for families with children.

In March 2009, we joined other public and private funders and government officials in announcing investments in a new strategy to reduce family homelessness in Washington state. Investments will be made through the Washington Families Fund, a public-private partnership managed by Seattle-based Building Changes. The fund provides support services statewide and runs three pilot programs in King, Pierce, and Snohomish counties.

In 2004, encouraged by progress made through the Sound Families initiative, the Washington legislature created the Washington Families Fund to provide service-enriched affordable housing for families throughout the state. By the end of 2009, the fund had awarded \$16 million to 43 programs statewide, creating 618 service-enriched housing units supporting more than 1,000 families—including 3,000 children and their parents.

While the success of these programs is heartening, the trend of family homelessness continues to rise. Data shows that homeless families are the fastest-growing segment of the homeless population, and experts estimate that more than 1.5 million children experience homelessness in the United States annually.

Washington state's no exception. During the 2008–2009 school year, the Office of the Superintendent of Public Instruction identified nearly 21,000 homeless children attending public schools—up more than 2,000 from the previous year. Approximately 47 percent of homeless people in Washington state are living in families.

"It saddens me that families with children make up nearly half of our state's homeless population. And unfortunately, the economic crisis may push even more families with children into homelessness," says



Teesha Hubbard with her daughter Jordyn (left) and son Gus (right) outside Croft Place, a transitional housing complex in the Delridge neighborhood of West Seattle (Seattle, Washington, 2009).

Washington Governor Christine Gregoire. "We must do more as a community to help families achieve and maintain stability."

Our strategy applies lessons learned from past investments. Principles guiding our current investments in family homelessness include early intervention and eviction prevention, coordinated access to housing support services, rapid re-housing for families in shelters, tailored support services that best address the unique needs of each family, and access to increased economic opportunity through education and workforce development programs.

"Today's homeless children all too often become tomorrow's homeless parents with children," says David Bley, director of the foundation's Pacific Northwest initiative. "We must do all we can to stop the cycle of family homelessness."

With our partners in the Washington Families Fund, we aim to reduce the number of homeless families in our three target communities by 50 percent over the next decade. Working together, we can help forge tangible solutions to prevent and end family homelessness in Washington, creating a future where no child is without a safe place to call home.

Our Online Community

Those who engage us online are playing an increasingly important role in our advocacy, expanding conversation around the global challenges we're trying to address.



Left: Sisters Arta (left) and Laura (right) Platace connecting to the Internet through free wireless service on the campus of Vidzeme University (Valmiera, Latvia, 2007). Right: Our Facebook page (Seattle, Washington, 2010).

Engaging the World Online

Millions of people are already engaging every day in online conversations about the issues we work on. Connecting with the online community—not only to listen to what people are saying, but to participate in those conversations—represents an incredible opportunity and has become a top priority for the foundation.

In 2009, we established accounts on Facebook, Twitter, and YouTube, and we now have nearly half a million friends and followers. Through these social media channels and our blog, we have been sharing the inspiring stories of our partners, grantees, and beneficiaries—how the GAVI Alliance and others are vaccinating children against rotavirus, how Opportunity International is bringing mobile banking to Africans living in rural areas, and how leaders in U.S. education are coming together to develop fewer, clearer, and higher standards to measure student learning.

Many of our grantees and partners are using social media in cutting-edge ways to support their causes. For example, on World Malaria Day in 2009, Malaria No More launched a campaign on Twitter to spread awareness about the million deaths malaria causes each

year and to raise money to buy and distribute lifesaving mosquito nets. In a single day, the organization reached millions of people worldwide and raised enough money for tens of thousands of nets. We're delighted that the United Nations Special Envoy for Malaria has invited us to become part of its Social Media Envoy group, which is employing similar strategies in an effort to reduce deaths from malaria to almost zero by 2015.

The online community has become essential to our efforts to build awareness and engagement around the issues we work on. We hope our followers and friends will join us September 20 for TEDxChange, an event we're hosting with TED in New York to reflect on the Millennium Development Goals 10 years in—on the progress we've made already and what we can do to make a better future. Broadcast live via webcast, the event will convene more than 200 prominent thought leaders and community organizers from around the world. More than 50 TEDx groups from 36 countries will host satellite events during TEDxChange.

For the latest, please visit our community page at www.gatesfoundation.org/community. Join the conversation. We'd love to hear from you.

Our Employees

Most people recognize our co-chairs, but few know the rest of us who work behind the scenes. On our team of seasoned professionals are scientists, journalists, physicians, activists, educators, economists, lawyers, policy advisors, and others. We are a diverse global organization of people deeply committed to giving everyone the chance to live a healthy, productive life.

To hear firsthand accounts of our work at the foundation, visit the Our Employees page of the 2009 annual report at www.gatesfoundation.org/annualreport/2009.



Clockwise from top left: Senior Program Officer Cyndi Lewis (left) speaking with Health Surveillance Assistant Sampson Kumphale (Misi, Malawi, 2010). Deputy Director of Agricultural Development Roy Steiner examining rice demonstration plots at the National Crops Resources Research Institute (NaCRR) field station outside Kampala (Kampala, Uganda, 2007). Director of Global Health Vaccine Delivery Rajeev Venkayya administering vaccine at a polio vaccination booth at the National Zoological Park (New Delhi, India, 2009). Director of Global Libraries Deborah Jacobs (left) speaking with a Veracruz government official about her library program (Veracruz, Mexico, 2009). Foundation employees talking during a Global Development Program meeting (Seattle, Washington, 2009). Director of Postsecondary Success and Special Initiatives Hilary Pennington visiting a classroom at the Harbor Teacher Preparation Academy (Los Angeles, California, 2007).

2009 Financials

Consolidated Statements of Financial Position

As of December 31, 2009 and 2008

Amounts in thousands

	(Audited)	(Audited)
	2009	2008
ASSETS		
Cash	\$ 8,999	10,283
Beneficial interest in the net assets of Bill & Melinda Gates Foundation Trust	33,439,797 ^[1]	29,574,486 ^[1]
Program-related investments, net	35,929	29,535
Prepaid expenses and other assets	2,768	12,402
Property and equipment, net	424,828 ^[2]	262,996 ^[2]
Total Assets	\$ 33,912,321	29,889,702
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 66,157	52,356
Accrued and other liabilities	29,273	22,928
Grants payable, net	4,844,947 ^[3]	5,263,223 ^[3]
Total Liabilities	4,940,377	5,338,507
Net Assets		
Unrestricted	28,971,944	24,551,195
Total Liabilities and Net Assets	\$ 33,912,321	29,889,702

^[1] The Bill & Melinda Gates Foundation has a two-entity structure. One entity, the Bill & Melinda Gates Foundation ("foundation"), distributes money to grantees. The other, the Bill & Melinda Gates Foundation Trust ("trust"), manages the endowment assets. The foundation and the trust are separate legal entities with independently audited financial statements. However, the legal documents that govern the trust obligate it to fund the foundation in whatever dollar amounts are necessary to accomplish the foundation's charitable purposes. Because the foundation has the legal right to call upon the assets of the trust, the foundation's financial statements reflect an interest in the net assets of the trust in accordance with generally accepted accounting principles (GAAP).

^[2] Property and equipment for the foundation include land and construction in progress related to the foundation's new campus being constructed on a 12-acre site in downtown Seattle. IRIS Holdings, LLC (IRIS) is the legal entity that owns the land and future headquarters. Since the foundation is the sole owner of IRIS, the financial statements of the two entities are presented here on a consolidated basis.

^[3] Grants payable reflects the total amount of grants approved for payment in future periods (\$5.1 billion in 2009 and \$5.6 billion in 2008), discounted to the present value as of December 31, 2009 and 2008, as required by GAAP.

General note: More information about the financial positions of the trust and the foundation is available in their respective audited financial statements provided on the foundation's website.

2009 Financials

Consolidated Statements of Activities

For the years ended December 31, 2009 and 2008
Amounts in thousands

	(Audited)	(Audited)
	2009	2008
CHANGE IN NET ASSETS		
Revenues and Gains		
Contributions	\$ 1,972	10,428
Investment income	669	1,524
Total Revenues and Gains	2,641	11,952
Expenses		
Grants	2,630,833 ^[2]	3,643,780 ^[2]
Direct charitable expenses	90,431 ^[3]	54,086 ^[3]
Program and administrative expenses	351,979	352,166
Federal excise and other taxes	60	31
Total Expenses	3,073,303	4,050,063
Changes in net assets before beneficial interest	(3,070,662)	(4,038,111)
Change in beneficial interest in the Bill & Melinda Gates Foundation Trust:		
Contributions from the Bill & Melinda Gates Foundation Trust	3,626,100 ^[1]	3,307,259 ^[1]
Increase (decrease) in net assets due to beneficial interest in the Bill & Melinda Gates Foundation Trust	3,865,311 ^[4]	(9,078,490) ^[4]
Change in net assets	4,420,749	(9,809,342)
Unrestricted net assets, beginning of year	24,551,195	34,360,537
Unrestricted Net Assets, End of Year	\$ 28,971,944	24,551,195

^[1] The Bill & Melinda Gates Foundation has a two-entity structure. One entity, the Bill & Melinda Gates Foundation ("foundation"), distributes money to grantees. The other, the Bill & Melinda Gates Foundation Trust ("trust"), manages the endowment assets. The trust makes contributions to the foundation to fund the foundation's grantmaking activities and operating costs. The foundation and the trust are separate legal entities with independently audited financial statements. The foundation received \$3.626 billion in contributions from the trust in 2009, which were used to fund the foundation's operations, consisting of grants to third parties and other direct charitable expenses, operating costs, and capital and program-related investments.

^[2] Grant expenses include cash payments made during 2009, as well as an adjustment to record expenses related to grants approved for payment in future years. The future grants payable portion is then discounted to the present value as of December 31, 2009, as required by GAAP. Presented in the accompanying grants paid summary is grant expense on a cash basis, consistent with the reporting basis required in the annual 990-PF tax return.

^[3] Direct charitable expenses include payments made to third parties for charitable purposes. Examples of direct charitable expenses include payment for consulting services provided for grantees' benefit and travel costs to bring grantees and other participants together. Direct charitable expenses, in tandem with grants, are an effective means of achieving charitable goals and are disclosed separately in the audited financial statements to distinguish these from operational costs of running the foundation.

^[4] The legal documents that govern the trust obligate it to fund the foundation in whatever dollar amounts are necessary to accomplish the foundation's charitable purposes. Because the foundation has the legal right to call upon the assets of the trust, the foundation's financial statements reflect an interest in the net assets of the trust in accordance with GAAP.

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2009 Financials

2009 Grants Paid Summary by Strategy

For the year ended December 31, 2009

Amounts in thousands

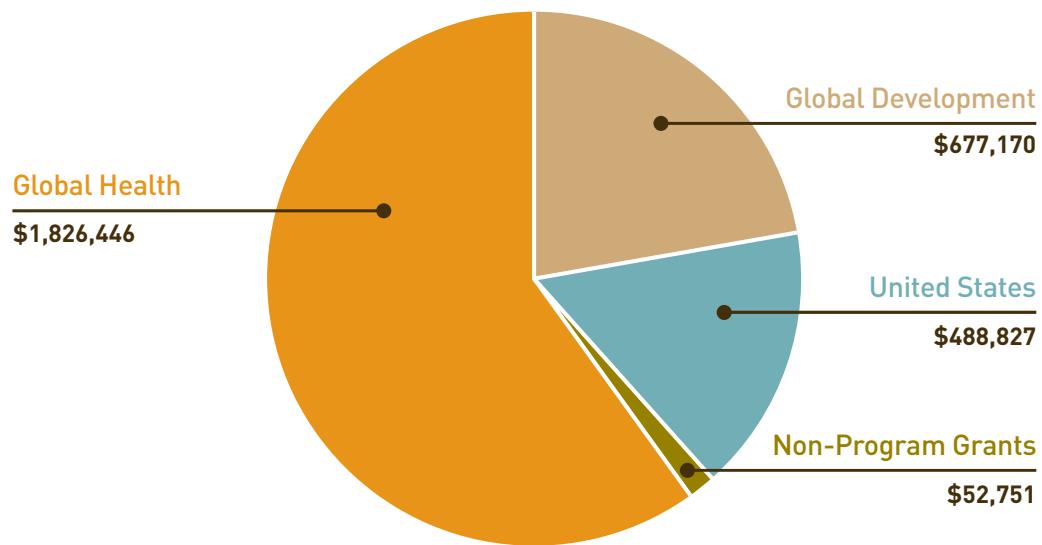
GLOBAL DEVELOPMENT	677,170
Agricultural Development	316,498
Financial Services for the Poor	132,930
Global Libraries	34,865
Policy & Advocacy	41,095
Special Initiatives	97,648
Water, Sanitation, & Hygiene	54,134
GLOBAL HEALTH	1,826,446
Discovery (Health, Science, & Technology)	59,120
Enteric and Diarrheal Diseases	61,160
Family Planning	39,646
HIV/AIDS	221,648
Malaria	243,416
Maternal, Newborn, & Child Health	122,819
Neglected and Other Infectious Diseases	120,970
Nutrition	53,214
Pneumonia	51,144
Policy & Advocacy	307,541
Polio	253,139
Special Initiatives	19,280
Tobacco	34,683
Tuberculosis	121,587
Vaccine Delivery	117,079
UNITED STATES PROGRAM	488,827
Advocacy: Policy & Communications	16,399
Homelessness	7,262
Libraries	18,857
Pacific Northwest Community	30,323
Scholarships	42,755
U.S. Education	373,231
NON-PROGRAM GRANTS	52,751
Charitable Sector Support	7,134
Employee Matching Gifts & Sponsorships	3,238
Family Interest Grants	42,379
Total	3,045,194

2009 Financials

2009 Grants Paid Summary

For the year ended December 31, 2009

Amounts in thousands



For the years ended December 31, 2009 and 2008

Amounts in thousands

PROGRAM AREAS	2009	2008
Global Development	677,170	459,136
Global Health	1,826,446	1,818,949
United States	488,827	436,706
NON-PROGRAM AREAS		
Charitable Sector Support	7,134	5,062
Employee Matching Gifts & Sponsorships	3,238	3,353
Family Interest Grants	42,379	79,466
Total	3,045,194	2,802,672

This year's annual report includes video interviews with foundation leaders and employees. To view these, visit the 2009 annual report website: www.gatesfoundation.org/annualreport/2009.

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

For additional information on the Bill & Melinda Gates Foundation, please visit our website: www.gatesfoundation.org.

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